



FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Announcement of Board Approval under Delegated Authority and Submission to OMB

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is adopting a proposal to extend for three years, without revision, the Recordkeeping Provisions Associated with Guidance on Leveraged Lending (FR 4203; OMB No. 7100-0354).

FOR FURTHER INFORMATION CONTACT: Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3829.

Office of Management and Budget (OMB) Desk Officer – Shagufta Ahmed – Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW, Washington, DC 20503, or by fax to (202) 395-6974.

A copy of the PRA OMB submission, including the reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files. These documents also are available on the Federal Reserve Board's public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears above.

SUPPLEMENTARY INFORMATION: On June 15, 1984, OMB delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collections of information conducted or sponsored by the Board. Board-approved collections of information are incorporated into the official OMB inventory of currently

approved collections of information. Copies of the PRA Submission, supporting statements, and approved collection of information instrument(s) are placed into OMB's public docket files.

**Final Approval under OMB Delegated Authority of the Extension for Three Years,
Without Revision, of the Following Information Collection:**

Report title: Recordkeeping Provisions Associated with Guidance on Leveraged Lending.

Agency form number: FR 4203.

OMB control number: 7100-0354.

Frequency: On occasion.

Respondents: All financial institutions substantively engaged in leveraged lending activities supervised by the Board.

Estimated number of respondents: 40.

Estimated average hours per response: 755.

Estimated annual burden hours: 30,200 hours.

General description of report: The Interagency Guidance on Leveraged Lending (Guidance)¹ outlines high-level principles related to safe-and-sound leveraged lending activities. The Guidance includes a number of voluntary recordkeeping provisions that apply to financial institutions for which the Board is the primary federal supervisor, including bank holding companies, savings and loan holding companies, state member banks, and state-chartered branches and agencies of foreign banks, that engage in leveraged lending activities. There are no reporting forms associated with this information collection (the FR 4203 designation is for internal purposes only).

¹ "Interagency Guidance on Leveraged Lending," March 21, 2013, available at <https://www.federalreserve.gov/supervisionreg/srletters/sr1303a1.pdf>. The Guidance was published jointly by the Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

The Guidance includes several provisions that suggest financial institutions engage in recordkeeping. The guidance states that institutions should maintain:

- well-defined underwriting standards that, among other things, define acceptable leverage levels and describe amortization expectations for senior and subordinate debt;
- sound management information systems that enable management to identify, aggregate, and monitor leveraged exposures and comply with policy across all business lines;
- strong pipeline management policies and procedures that, among other things, provide for real-time information on exposures and limits, and exceptions to the timing of expected distributions and approved hold levels; and
- guidelines for conducting periodic portfolio and pipeline stress tests to quantify the potential impact of economic and market conditions on the institution's asset quality, earnings, liquidity, and capital.

Many community banks are not subject to the Guidance because they do not engage in leveraged lending. The limited number of community and smaller institutions that are involved in leveraged lending activities may discuss with the Federal Reserve System how to implement these collections of information in a cost-effective manner that is appropriate for the complexity of their exposures and activities.

Legal authorization and confidentiality: The recordkeeping provisions of the Guidance are authorized pursuant to sections 9(6), 25, and 25A of the Federal Reserve Act (12 U.S.C. 324, 602, and 625) (for state member banks, agreement corporations, and Edge corporations, respectively); section 5(c) of the Bank Holding Company Act (12 U.S.C. 1844(c)) (for bank holding companies); section 10(b)(3) of the Home Owners' Loan Act (12 U.S.C. 1467a(b)(3)) (for savings and loan holding companies); and section 7(c)(2) of the International Banking Act

(12 U.S.C. 3105(c)(2)) (for state-licensed branches and agencies of foreign banks, other than insured branches).

The information collections under the FR 4203 are voluntary. Because these records would be maintained at each banking organization, the Freedom of Information Act (FOIA) would only be implicated if the Board obtained such records as part of the examination or supervision of a banking organization. In the event the records are obtained by the Board as part of an examination or supervision of a financial institution, this information may be considered confidential pursuant to exemption 8 of the FOIA, which protects information contained in “examination, operating, or condition reports” obtained in the bank supervisory process (5 U.S.C. 552(b)(8)). In addition, the information may also be kept confidential under exemption 4 of the FOIA, which protects “commercial or financial information obtained from a person [that is] privileged or confidential” (5 U.S.C. 552(b)(4)).

Current actions: On July 3, 2019, the Board published a notice in the *Federal Register* (84 FR 31866) requesting public comment for 60 days on the extension, without revision, of the Recordkeeping Provisions Associated with Guidance on Leveraged Lending. The comment period for this notice expired on September 3, 2019. The Board did not receive any comments.

Board of Governors of the Federal Reserve System, October 11, 2019.

Michele Taylor Fennell,

Assistant Secretary of the Board.

Billing Code 6210-01-P

[FR Doc. 2019-22733 Filed: 10/17/2019 8:45 am; Publication Date: 10/18/2019]